

# VML Statement of Principles

Made to the Air B&B Work Group of the Virginia Housing Commission

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## GOAL:

*VML believes that public policies affecting public safety, taxation and land use need to adapt to major economic changes but that the state must preserve localities' ability to protect all citizens and to regulate all types of businesses fairly and responsibly.*

*VML believes state and local policies should (1) encourage a level playing field for competing services in the market place; (2) seek to preserve and/or replace local and state tax revenues when a changing economy disrupts collections; (3) ensure safety, reliability and access for consumers, providers and the general public; and (4) protect local government's ability to regulate businesses whether they are traditional, electronic, Internet-based, virtual or otherwise.*

## PRINCIPLES OF IDEAL LEGISLATION:

- *Defend local zoning authority in order to protect the public's health and safety and to preserve neighborhoods. Local needs that reflect special circumstances or unique conditions cannot be addressed by a statewide land use action that ignores neighborhood concerns, including affordable housing, criminal activity, parking, and noise.*
  - Any legislative proposal must include local registration to identify, at a minimum, the owner (or "operator") and location(s) of the site(s). This is essential for administrative compliance and enforcement of state laws and ordinances. Local registration will also promote accountability of taxes imposed by city and town councils and boards of supervisors. Without local registration, there is no transparency.
  - 88% of the 75 cities, towns and counties responding to a VML-VACo survey allow some form of renting rooms or entire houses. Renting rooms in a residence or renting entire houses is not without local government policies or precedents. This business activity in Virginia has been going on for centuries. Localities have tailored policies to changes in the marketplace. A "one size fits all" bill will upend local policies carefully drawn to reflect community values and local economic conditions.
  - 52% of respondents in the VML-VACo survey already require registration/licensure for renting a room in residential dwellings for periods of less than 30 days. This requirement is only partially driven by tax issues.

Registration ensures that homeowners are providing a safe environment for the public.

- *Operators (or their “platforms”) should collect and remit local taxes directly to localities. This is not an overly burdensome requirement.*
  - The business “Stay Charlottesville” collects and remits state and local taxes on behalf of the operator.
  - Without special legislation as was done for the local option sales tax, local revenues collected by the state require a state appropriation to be returned. Remitting local taxes to the state adds an unnecessary bureaucratic step. Any legislative proposal must justify the inefficiency of sending local revenues to the state instead of requiring the operator or platform to remit directly to localities.
    - Article X, Section 7 of the Virginia Constitution – “No money shall be paid out of the State treasury except in pursuance of appropriations made by law.”
- *Audits of local transient occupancy taxes cannot be delegated to the Virginia Department of Taxation. Authority to perform such audits must remain with the Commissioners of the Revenue and local directors of finance.*
  - Citizens should have confidence in knowing that local officials can collect, track and account for all local tax dollars. On-line platforms must cooperate with local authorities on tax enforcement and audit issues.